



TRUST FOR
RETIREES OF
ASSOCIATED
CALIFORNIA
SCHOOLS

Summary Plan Description
(Effective January 1, 2008)

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This booklet is being provided to you for informational purposes only and should not be construed as a legal document.

INTRODUCTION

Dear Retired Employee and Spouse:

We are pleased to present you with this Summary Plan Description describing the basic eligibility rules and other rights and privileges afforded to you through the Trust for Retirees of Associated California Schools (herein referred to as "TRACS"), formerly known as the Trust for Retirees of Amador County Schools.

TRACS was established in February, 2000 by a Trust Agreement by and between the Amador County Teachers Association, the California School Employees Association, Local 239, and the Amador County Unified School District. The Trust Agreement was later amended to allow for participation by other public school employers in California.

The trust was established in order to help defray the cost of post-retirement health insurance benefits that will be available to you upon your retirement from a public school employer. Contributions from active employees and their employer are being paid into this Trust annually pursuant to the collective bargaining agreements between the Unions and the Employers.

The Trustees of the Trust have the sole and exclusive right to interpret the Agreement Establishing the Trust, the Summary Plan Description, and their provisions, and their good faith interpretations shall be binding on the retirees and Participants. The Trustees also reserve the right to modify and/or terminate the benefits provided herein, consistent with the governing collective bargaining agreements.

The Trust for Retirees of Associated California Schools (TRACS) is a public joint labor management trust, exempt from regulation under the Knox-Keene Health Care Service Plan Act of 1975 and the California Insurance Code. TRACS enrollees who believe the Trust has violated the terms of its exemption pursuant to Section 1349.2 of the California Health and Safety Code have the right to file a complaint with the California Department of Managed Health Care regarding such violation.

- Board of Trustees of TRACS

ELIGIBILITY

Participant and Dependent eligibility rules include rules that are established by the insurer, HMO or other provider through which the participating Employer provides coverage for its active employees and through which retirees are also permitted to obtain coverage, or any other such provider approved by TRACS to provide retiree health benefits.

Eligible Participants

1. Only the retiree may draw money from TRACS to pay in full or in part the cost of premiums for health and welfare benefits for the retiree and their eligible dependents.
2. You must retire from employment with a former or current participating TRACS employer, or a successor thereto, and commence receiving pension benefits from PERS or STRS within 90 days of your last day of employment with such employer. To be eligible for benefits after retiring from an employer who has ceased participation in TRACS, you must have been employed by the former participating employer at the time it withdrew from TRACS in order to be eligible at retirement.
3. Your retirement effective date must be on or after July 1, 2001.
4. Benefits cease upon the earlier of the date the account balance is exhausted or the death of the retiree.

Dependents

You may use your TRACS benefit to pay for medical, dental, vision and prescription drug programs for yourself and/or your dependents. However, eligibility of dependents for benefits under the benefit plan that you choose is, of course, determined by the benefit plan itself. Requirements for adding or subtracting dependents are also subject to the enrollment and eligibility requirements of your benefit plan.

Benefits

You, your spouse, and your dependents may be eligible for retiree medical, dental and/or vision benefits through your employer that participates in TRACS, or by obtaining coverage yourself.

Effective July 1, 2001, TRACS will help you defray the cost of the retiree's post-retirement health benefits by allowing you to draw from a specified sum of money provided for this purpose. The sum of money from which you may draw is based on a formula of your months of contributions to TRACS, multiplied by the monthly contribution rate at the time of your retirement, multiplied by 2.25, provided that on the

date of your retirement your employer is still participating in TRACS; if not, then your benefit will be 80% of the amount calculated using the above formula. Thus, an employee who retires directly from a participating employer after contributing to TRACS for five full years (60 monthly contributions) will have the following sum from which to draw and help pay the cost of his/her benefits (assuming the total contribution rate on the date of retirement is \$40 per month):

$$60 \times \$40 \times 2.25 = \$5,400.00$$

An employee who retires after contributing to TRACS for 25 full years (300 monthly contributions) will have the following:

$$300 \times \$40 \times 2.25 = \$27,000.00$$

Your employer may purchase additional credits to recognize service prior to participation in the plan or as a retirement incentive.

The sum of money calculated to be available for your post-retirement health benefits is not available to you for any purpose other than as described in this booklet.

The benefits described in this booklet are not vested, and may be modified or terminated at any time consistent with the collective bargaining agreements providing for TRACS participation.

OPTIONS FOR PAYMENT OF PREMIUMS

You will be able to select from four options in deciding how to spend the sum of money available to you from TRACS to pay for your benefits. These options are as follows:

- 100% of premium
- 75% of premium
- 50% of premium
- 25% of premium

If you choose to pay for less than 100% of your monthly premiums from TRACS funds, you will be responsible for paying the difference. When the sum of money available to you upon retirement (as calculated pursuant to Section #2) is exhausted, you will be able to continue your health benefits only by paying the premiums (for yourself and your dependents) from personal assets or sources other than TRACS, subject to the insurer's rules or the terms of the Collective Bargaining Agreement.

If you wish to change the percentage of your premium being paid by TRACS (i.e., from 25% to 50%), you must give TRACS written notice that you wish to make a change. Your change in payment option will then take effect for the first premium payment that is due after 30 days from the date TRACS receives your written notice.

ENROLLMENT

You must follow the enrollment rules of your benefit plan for enrolling yourself and your dependents, and for making any enrollment changes.

You must inform TRACS of your pending retirement at the time you receive your enrollment packet in order to select a payment option (see above) and to arrange for TRACS to start paying the selected percentage of your premium payments to the insurer that you select to provide benefits

Once you commence your benefits with TRACS, you may change your benefit payment option by notifying TRACS in writing at least 30 days prior to the effective date of the change. If you elect to stop receiving benefit payments, you will be allowed to resume participation in TRACS at a later date with at least 30 days advance written notice of your desire to reinstate benefits.

HEALTH CARE BENEFITS

The medical, dental, vision and prescription drug benefits may be provided to you through the same providers that contract with the employers participating in TRACS, another group health plan, or an individual insurance policy that you purchase directly. Each plan offers its own benefits, the terms of which are set forth in a separate plan description.

Your specific benefits are not described in detail in this booklet. Instead, your benefits are described in Evidence of Coverage booklets provided by your Benefit Plan, HMO, or Employer.

COMMONLY ASKED QUESTIONS

A. WHAT STEPS MUST I TAKE UPON RETIREMENT TO CONTINUE MY HEALTH, DENTAL, AND VISION BENEFITS?

You should begin your retirement process by arranging a meeting for Retirement Counseling with your pension plan, CalPERS or CalSTRS at least 90 days before your intended retirement date. You should submit a letter of intent to your employer indicating your retirement date.

B. DO I HAVE TO COVER MY SPOUSE OR CHILDREN?

No. This is an option for medical, dental, and vision coverage. If your spouse and dependents are covered under another plan, you should evaluate your benefit needs to determine if you would like TRACS to pay for all or a portion of those premiums.

C. DO I HAVE TO RE-ENROLL EVERY YEAR FOR MY BENEFITS?

You may be required to provide TRACS with annual verification of your continued insurance coverage by providing the Administration Office with a copy of your premium statement. Otherwise, if you want your benefits to remain the same, nothing needs to be done. If you wish to change your Benefit Plan or HMO, you must follow their rules for doing so. If you wish to change your payment option from TRACS, you must give TRACS written notice, and your change will take effect with the first premium due after 30 days from the receipt of such notice.

D. WHEN CAN I ADD DEPENDENTS FOR COVERAGE?

You must follow the rules of your Benefit Plan or HMO.

E. MAY I DELAY RECEIPT OF MY TRACS BENEFITS?

Yes, you may delay receipt of benefits from TRACS. To be eligible for benefits from TRACS, your retirement with CalPERS or CalSTRS must be within 90 days of the date you terminated employment with a participating employer. However, you may elect to delay your TRACS benefits until after you start receiving your CalPERS or CalSTRS benefits, for example, while you are covered by your spouse's medical plan. If you wish to delay the start of your TRACS benefits, you should notify the Administration Office at the time you start receiving your retirement benefits.